

AMENDED IN ASSEMBLY APRIL 5, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**ASSEMBLY BILL**

**No. 274**

**Introduced by Assembly Member Baldwin**

February 3, 1999

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An act to add Section 987.885 to the Military and Veterans Code, relating to veterans.

LEGISLATIVE COUNSEL'S DIGEST

AB 274, as amended, Baldwin. Veterans: home and farm purchases: life and disability insurance.

*Existing law, the Veterans' Farm and Home Purchase Act of 1974, permits the Department of Veterans Affairs to enter into a master agreement with one or more insurance companies to provide life or disability insurance coverage for purchasers of farms or homes under the act, and requires the master agreement to provide for the maintenance of reserves as the department, after consultation with the Insurance Commissioner, deems appropriate and prudent.*

*This bill, in addition, would require any contract for the purchase of a home or farm made under the act to include a life insurance benefit program and an option for disability insurance, both of which would be required to be sponsored by the department and underwritten by an insurance company.*

*The bill also, on and after January 1, 2000, with respect to the life and disability reserves established under the department's self-funded insurance plan that was in operation from January*

1, 1984, to May 31, 1996, inclusive, would require those reserves to be used for the exclusive purpose of funding the remaining liabilities, as described, under the self-funded plan.

~~Existing law requires a veteran who purchases a home or farm under the Veterans' Farm and Home Purchase Act of 1974 to insure all permanent improvements and crops on the property against fire and other hazards.~~

~~This bill would require that any contract for the purchase of a home or farm made under the act include life and disability insurance coverage for the purchaser in an amount to be determined by the Department of Veterans Affairs.~~

~~The bill would prohibit the department from commingling money from premiums paid pursuant to this requirement with any other money obtained by the department.~~

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 987.885 is added to the Military  
2 and Veterans Code, to read:

3 ~~987.885. (a) Any contract for the purchase of a home~~  
4 ~~or farm made under this article shall include life and~~  
5 ~~disability insurance coverage for the purchaser in an~~  
6 ~~amount to be determined by the department.~~

7 ~~(b) The department shall not commingle money from~~  
8 ~~premiums paid pursuant to this section with any other~~  
9 ~~money obtained by the department.~~

10 987.885. (a) Any contract for the purchase of a home  
11 or farm made under this article shall include a life  
12 insurance benefit program and an option for disability  
13 insurance, both of which shall be sponsored by the  
14 department and underwritten by an insurance company.

15 (b) On and after January 1, 2000, with respect to the  
16 life and disability reserves established under the  
17 department's self-funded insurance plan that was in  
18 operation from January 1, 1984, to May 31, 1996, inclusive,  
19 those reserves shall be used for the exclusive purpose of  
20 funding the remaining liabilities under the self-funded

1 *plan. The remaining liabilities shall include, but are not*  
2 *limited to, all of the following:*

3 *(1) Contract holders of disability insurance who were*  
4 *totally disabled prior to June 1, 1996, upon successful*  
5 *completion and approval of their claims, shall be paid*  
6 *disability benefits until one of the following occurs:*

7 *(A) Total recovery from the disabling condition.*

8 *(B) The home or farm loan is paid in full.*

9 *(C) The death of the contract holder.*

10 *(2) The beneficiaries of life insurance for contract*  
11 *holders, who became totally disabled prior to June 1, 1996,*  
12 *and who die while totally disabled, shall be paid life*  
13 *insurance benefits.*

